



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
FORMER DAVIESS COUNTY SHERIFF**

**Calendar Year 1998**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Paul E. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable Louis Reid Haire, County Judge/Executive  
Honorable Keith Cain, Daviess County Sheriff  
Honorable John Bouvier, Former Daviess County Sheriff  
Members of the Daviess County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the former Sheriff of Daviess County Kentucky, and the statement of receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 1998. These financial statements are the responsibility of the former Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff was required to prepare the financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the former Sheriff and the receipts, disbursements, and fund balances of the former Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 1998, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
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Finance and Administration Cabinet  
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Honorable Keith Cain, Daviess County Sheriff  
Honorable John Bouvier, Former Daviess County Sheriff  
Members of the Daviess County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated June 21, 1999, on our consideration of the Sheriff's compliance with laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 21, 1999

DAVIESS COUNTY  
JOHN BOUVIER, FORMER SHERIFF  
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 1998

Receipts

Federal Grants		\$	62,788
State Fees for Services			93,464
Circuit Court Clerk			75,550
Fiscal Court			977,634
County Clerk			10,738
Commission on Taxes			743,766
Fees Collected for Services:			
Auto Inspections	\$	35,133	
Accident /Police Reports		6,896	
Serving Papers		81,266	
Miscellaneous		<u>13,675</u>	136,970
Other Receipts:			
Transport Prisoners	\$	6,435	
Election Commission		3,580	
Interest Earned		45,795	
Reimbursed Expenses		<u>81,900</u>	<u>137,710</u>
Net Receipts		\$	2,238,620
Payments to State Treasurer:			
75% Operating Fund	\$	1,997,156	
25% County Fund		<u>241,464</u>	<u>2,238,620</u>
Balance Due at Completion of Audit		\$	<u><u>0</u></u>

The accompanying notes are an integral part of the financial statements.

DAVIESS COUNTY  
 JOHN BOUVIER, FORMER SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE  
SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 1998

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 1998	\$ (192,842)	\$	\$ (192,842)
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	1,997,156		1,997,156
Fees Paid to State - County Funds (25%)		241,464	241,464
Total Funds Available	<u>\$ 1,804,314</u>	<u>\$ 241,464</u>	<u>\$ 2,045,778</u>
<u>Disbursements</u>			
Personnel Services-			
Officials Statutory Maximum	\$ 48,726		\$ 48,726
Deputies Salaries	946,539		946,539
Overtime	17,592		17,592
Employee Benefits-			
Social Security	75,914		75,914
Retirement	174,602		174,602
Health Insurance	130,384		130,384
Contracted Services-			
Vehicle Maintenance and Repairs	40,219		40,219
Supplies and Materials-			
Office Materials and Supplies	10,301		10,301
Uniforms	15,217		15,217
Gasoline	29,741		29,741
Other Charges-			
Travel	6,491		6,491
Taxes	5,721		5,721
Unemployment Insurance	1,642		1,642
Radio/ Siren Maintance	14,949		14,949
Telephone	15,092		15,092
Equipment	2,039		2,039
Training	5,400		5,400
Miscellaneous	7,254		7,254



JOHN BOUVIER, FORMER SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE  
 SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER  
 Calendar Year 1998  
 (Continued)

Disbursements (Continued)

Auto Expenses on Personnel Vehicles-			
Radio and Siren	\$ 15,925	\$	\$ 15,925
Uniforms and Equipment	502		502
Capital Outlay-			
Office Equipment	2,352		2,352
Computer	22,640		22,640
Vehicles	133,023		133,023
Reimbursed Expenses	82,049		82,049
Payments to Daviess County Fiscal Court		241,464	241,464
Total Disbursements	<u>\$ 1,804,314</u>	<u>\$ 241,464</u>	<u>\$ 2,045,778</u>
Fund Balance - December 31, 1998	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

DAVIESS COUNTY  
JOHN BOUVIER, FORMER SHERIFF  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

DAVISS COUNTY  
JOHN BOUVIER, FORMER SHERIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 1998  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Hazardous covered employees are required to contribute 7.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.69 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The former Sheriff maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The former Sheriff met the requirements stated above, and as of December 31, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

Note 4. Grant

In 1998, the former Sheriff was awarded a Community Oriented Policing Services Grant from the United States Department of Justice in the amount of \$7,833. During calendar year 1998 no monies were spent from this grant therefore the balance as of December 31, 1998 was \$7,833, which is not available as excess fees.

Note 5. Sheriff's Drug Enforcement Fund

During 1998, the former Sheriff maintained a special Drug Enforcement Fund. The balance at January 1, 1998 was \$36,682. Receipts for the year totaled \$33,057 and disbursements totaled \$48,127. The fund balance at December 31, 1998 was \$21,612. These funds are restricted to drug-related activities.

DAVIESS COUNTY  
JOHN BOUVIER, FORMER SHERIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 1998  
(Continued)

Note 6. K-9 Law Enforcement Fund

During 1998, the former Sheriff maintained a special K-9 Law Enforcement Fund. The balance at January 1, 1998 was \$84. Disbursements for the year totaled \$9. The fund balance at December 31, 1998 was \$75. These funds are restricted K-9 expenditures.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Louis Reid Haire, County Judge/Executive  
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Members of the Daviess County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the Daviess County Sheriff as of December 31, 1998, and have issued our report thereon dated June 21, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Daviess County Sheriff's financial statements as of December 31, 1998, are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Daviess County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Louis Reid Haire, County Judge/Executive  
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Honorable John Bouvier, Former Daviess County Sheriff  
Members of the Daviess County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 21, 1999



